

## Message Text

PAGE 01 MANAGU 01524 01 OF 02 312258Z  
ACTION ARA-14

INFO OCT-01 ISO-00 PA-01 HA-05 L-03 CA-01 SCS-06 SS-15

SP-02 CIAE-00 INR-10 NSAE-00 NSCE-00 SSO-00

INRE-00 /058 W

-----069032 312321Z /70

O 312158Z MAR 78

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC NIACT IMMEDIATE 6189

CONFIDENTIAL SECTION 1 OF 2 MANAGUA 1524

PLEASE ADVISE ARA/CEN - DAN WELTER ON RECEIPT

E.O. 11652: GDS

TAGS: CARR, PINT, SHUM, NU

SUBJECT: SOME POLICY IMPLICATIONS OF THE CHARITON CASE

REF: A) MANAGUA 1469, B) MANAGUA 1470, C) MANAGUA 1339,

D) MANAGUA 1390, E) MANAGUA 1404

SUMMARY: SINCE EMBASSY UNDERSTANDS DEPARTMENT IS PRESENTLY FORMULATING INSTRUCTIONS ON HOW TO PROCEED IN THE COMPLEX CHARITON CASE, WE OFFER HEREIN SOME OBSERVATIONS THAT MAY HELP PUT THE CASE IN BETTER PERSPECTIVE. OUR PRIMARY CONCERNS ARE FOR FAIRNESS TO THE INDIVIDUAL INVOLVED AND THE SAFEGUARDING OF U.S. INTERESTS, TO THE EXTENT POSSIBLE. WE THINK THAT THESE CONCERNS CAN BE BEST MET IF A MUTUALLY SATISFACTORY SETTLEMENT IS NEGOTIATED BETWEEN CHARITON AND PRESIDENT SOMOZA'S BANK, WHICH WOULD SOON ALLOW CHARITON TO LEAVE THIS EMBASSY AND THE COUNTRY IN ACCORDANCE WITH NICARAGUAN LAW. WE ANTICIPATE, NONETHELESS, THAT RAMIFICATIONS OF THE CHARITON AFFAIR WILL CAUSE US PROBLEMS HERE AND IN WASHINGTON FOR SOME TIME TO COME, NO MATTER WHAT HAPPENS.

ACTION REQUESTED: THAT THE EMBASSY BE AUTHORIZED TO RETAIN A LAWYER TO ADVISE US ON THE LEGAL ASPECTS OF CRIMINAL CHARGES PENDING AGAINST CHARITON. END SUMMARY

CONFIDENTIAL

PAGE 02 MANAGU 01524 01 OF 02 312258Z

1. EMBASSY UNDERSTANDS THAT THE DEPARTMENT IS PREPARING INSTRUCTIONS AS TO HOW EMBASSY SHOULD PROCEED IN CASE OF ARTHUR CHARITON, AN AMERICAN BUSINESSMAN WHO ESCAPED FROM CUSTODY IN MANAGUA'S MILITARY HOSPITAL AND SOUGHT AND OBTAINED "TEMPORARY" REFUGE IN THIS EMBASSY. EMBASSY OFFERS FOLLOWING OBSERVATIONS WHICH MAY BE OF ASSISTANCE TO THOSE FORMULATING SAID INSTRUCTIONS AND WHICH POINT UP SOME OF THE MORE DIFFICULT ASPECTS OF THE CASE.

(A) PARA 6, REFTEL C, SUMMARIZED EMBASSY'S UNDERSTANDING OF STATUS OF THE TWO CRIMINAL AND ONE CIVIL SUIT THEN PENDING AGAINST CHARITON. EMBASSY BELIEVES THAT THERE HAS BEEN NO CHANGE IN STATUS OF THOSE

CASES. THERE HAS, OF COURSE, BEEN ADDED THE COMPLICATION OF CHARITON'S HAVING FLED FROM CUSTODY TO THE EMBASSY (REFS D AND E).

(B) VIEWED FROM ONE PERSPECTIVE, THE CHARITON AFFAIR SIMPLY INVOLVES AN AMERICAN BUSINESSMAN WHO IS ACCUSED OF CHECK KITING AND SMUGGLING OPERATIONS IN NICARAGUA AND AGAINST WHOM A LOCAL BANK, PRESIDENT SOMOZA'S BANCO DE CENTROAMERICA, HAS A CLAIM FOR OUTSTANDING DEBTS. A LOCAL JUDGE INDICTED CHARITON ON THE CHECK FRAUD CHARGES AND HAS KEPT HIM IN JAIL SINCE LAST MAY, PENDING A COURT DECISION ON CHARITON'S APPEAL OF THE INDICTMENT. LATTER WOULD FACE TRIAL ON THE FRAUD CHARGES IF THE APPEAL WERE DENIED. NICARAGUAN CUSTOMS AUTHORITIES ADMINISTRATIVELY DETERMINED LAST SEPTEMBER THAT CHARITON HAD SMUGGLED FABRICS INTO NICARAGUA AND FINED HIM AND OTHER SOME \$2.6 MILLION AND SENTENCED HIM TO 6-MONTHS IMPRISONMENT. IN A SPLIT DECISION, FINANCE MINISTRY TRIBUNAL UPHELD THE SENTENCE AGAINST CHARITON AND HE CAN APPEAL THAT DECISION TO THE NICARAGUAN SUPREME COURT. CHARITON ADMITS HE BORROWED MONEY FROM SOMOZA'S BANK TO FINANCE HIS TEXTILE OPERATIONS. AND, FINALLY, CHARITON ESCAPED FROM CUSTODY IN MILITARY HOSPITAL WHERE HE HAD BEEN UNDERGOING TREATMENT FOR DIABETES AND OTHER AILMENTS AND FLED TO THE EMBASSY WHERE HE SOUGHT ASYLUM ON HUMAN RIGHTS GROUNDS. (COMMENT: VIEWED SOLELY FROM THE ABOVE PERSPECTIVE, IT WOULD APPEAR THAT THE EMBASSY SHOULD RETURN CHARITON INTO THE CUSTODY OF NICARAGUAN AUTHORITIES AND ALLOW JUSTICE TO RUN ITS COURSE. IN WHICH CASE WE MIGHT CONTINUE CONFIDENTIAL

PAGE 03 MANAGU 01524 01 OF 02 312258Z

TO URGE THAT THE JUDICIAL PROCEEDINGS BE SPEEDED UP BUT OTHERWISE CONFINE OUR INVOLVEMENT TO NORMAL CONSULAR PROTECTION.)

(C) VIEWED FROM CHARITON'S PERSPECTIVE, HOWEVER, THE MATTER LOOKS QUITE DIFFERENT. IN SUMMARY, HE ASSERTS STRONGLY THAT HE IS INNOCENT OF ANY WRONGDOING IN EITHER THE FRAUD OR SMUGGLING CASES AND THAT THE BANK IS BLACKMAILING HIM SO AS TO SQUEEZE AS MUCH MONEY OUT OF HIM AND HIS FAMILY AS IT CAN, EVEN THOUGH THE BANK HAS ALREADY SEIZED ASSETS WORTH FAR MORE THAN CHARITON OWES IT. CHARITON FURTHER MAINTAINS THAT HIS HUMAN RIGHTS HAVE BEEN VIOLATED, INTER ALIA, THROUGH THE ALLEGEDLY ARBITRARY MANNER IN WHICH HIS CASE HAS BEEN HANDLED AND THROUGH THREATS HE CLAIMS TO HAVE RECEIVED WHILE IN JAIL AND THE HOSPITAL. CHARITON ARGUES THAT PRESIDENT SOMOZA IS ULTIMATELY RESPONSIBLE FOR THE MISTREATMENT HE BELIEVES HE HAS RECEIVED. HE CLAIMS THAT IT IS SOMOZA WHO DICTATES WHETHER HE WILL BE FREED OR LEFT TO ROT IN JAIL SINCE SOMOZA CONTROLS THE GOVERNMENT PROSECUTION AND THE JUDGES. CHARITON STRESSES THAT THE VERY FACT THAT SOMOZA HAD SUGGESTED TO THE AMBASSADOR THAT THE LATTER APPROACH THE PRESIDENT OF SOMOZA'S BANK, DR. OSCAR SEVILLA SACASA, TO SEEK A "FIN-

ANCIAL" SETTLEMENT OF THE PROBLEM, AND THAT THE LATTER SUBSEQUENTLY UNDERTOOK TO ARRANGE FOR CHARITON'S DEPARTURE FROM NICARAGUAN PENDING A FINANCIAL SETTLEMENT WITH THAT BANK AND WITH CUSTOMS (PARA 2 REF C), DEMONSTRATES THAT JUSTICE IN NICARAGUA IS ARBITRARY AND THAT HE, CHARITON, IS BEING SUBJECTED TO EXTORTION. (COMMENT: CHARITON AND HIS ATTORNEYS HAVE ADVANCED EVIDENCE WHICH, ON THE FACE OF IT, MIGHT JUSTIFY SOME OF HIS CONTENTIONS AS TO THE CHARGES LEVIED AGAINST HIM. THE APPARENTLY ARBITRARY MANNER IN WHICH THE

CASE HAS BEEN HANDLED AT TIMES AND THE SLOWNESS OF COURT ACTION ON HIS APPEAL HAVE CAUSED US CONCERN, AS NOTED IN MANY EARLIER MESSAGES. WE CANNOT JUDGE WHAT WOULD BE A FAIR BALANCE BETWEEN THE BANK'S AND CHARITON'S RESPECTIVE FINANCIAL CLAIMS.)

(D) CHARITON'S GUILT OR INNOCENCE OF THE CRIMINAL CHARGES: WE HAVE PERSISTENTLY SOUGHT TO TELL CHARITON AND EVERYONE ELSE THAT THE EMBASSY CANNOT JUDGE CHARITON'S CRIMINAL CULPABILITY. (NEITHER HAVE WE TAKEN A POSITION ON THE BANK'S CIVIL SUIT.) NONETHELESS WE OFFER THE FOLLOWING COMMENTS ON WHAT WE UNDERSTAND TO BE THE CONFIDENTIAL

PAGE 04 MANAGU 01524 01 OF 02 312258Z

ENVIRONMENT IN WHICH CHARITON CONDUCTED HIS BUSINESS OPERATIONS. FIRST, CHARITON WAS A PARTNER OF PRESIDENT SOMOZA IN A DOUBLE-KNIT FACTORY LOCATED ON THE GROUNDS OF SOMOZA'S EL PORVENIR TEXTILE PLANT. SOMOZA CONNECTED ENTERPRISES, INCLUDING EL PORVENIR, ARE WIDELY BELIEVED TO HAVE BEEN LONG INVOLVED IN SMUGGLING OPERATIONS AND/OR OTHER CUSTOMS MANIPULATIONS. SECOND, THE NICARAGUAN TEXTILE INDUSTRY DOES NOT ENJOY THE BEST ETHICAL REPUTATION AND OTHER PROMINENT FIGURES IN THAT INDUSTRY HAVE BEEN ACCUSED OF SMUGGLING GOODS INTO THE COUNTRY. HENCE, WHILE CHARITON MAY OR MAY NOT BE GUILTY OF THE SPECIFIC CRIMINAL CHARGES BROUGHT AGAINST HIM, HE HAS BEEN OPERATING IN AN ENVIRONMENT THAT IS LESS THAN WHOLESOME.

(E) THE NICARAGUAN POLITICAL ANGLE: WHAT MADE THE CHARITON CASE DIFFERENT AND A CAUSE CELEBRE HERE EVEN BEFORE THE ADDED COMPLICATION OF HIS TEMPORARY REFUGE IN THE EMBASSY IS PRESIDENT SOMOZA'S INVOLVEMENT, HOWEVER DIRECT OR INDIRECT. POLITICAL OPPONENTS TO THE REGIME--AND CHARITON'S LOCAL ATTORNEY DR. IGNACIO ZELAYA PAIZ IS AN OPPOSITION POLITICIAN--HAVE OCCASIONALLY USED THIS CASE TO EMBARRASS SOMOZA AND THE GOVERNMENT, FOR THE ALLEGED HUMAN RIGHTS VIOLATIONS. AND SOME ARE NOW USING IT TO EMBARRASS THE EMBASSY, AS WELL, IN LIGHT OF CHARITON'S PRESENCE HERE. SOME CONSIDER CHARITON A CROOK WHOM THEY ARE GLAD HAS SUCCESSFULLY RIPPED OFF SOMOZA WHILE OTHERS THINK HE HAS BEEN RAIL-ROADED UNJUSTLY BY A CORRUPT SOMOZA REGIME.

CONFIDENTIAL

PAGE 01 MANAGU 01524 02 OF 02 312239Z  
ACTION ARA-14

INFO OCT-01 ISO-00 PA-01 HA-05 L-03 CA-01 SCS-06 SS-15  
SP-02 CIAE-00 INR-10 NSAE-00 NSCE-00 SSO-00  
INRE-00 /058 W

-----068812 312325Z /70

O 312158Z MAR 78  
FM AMEMBASSY MANAGUA  
TO SECSTATE WASHDC NIACI IMMEDIATE 6190

C O N F I D E N T I A L SECTION 2 OF 2 MANAGUA 1524

PLEASE ADVISE ARA/CEN- DAN WELTER ON RECEIPT

(F) RIGHTLY OR WRONGLY, THE CHARITON AFFAIR HAS BEEN POLITICIZED HERE. CHARITON WANTS THE EMBASSY TO LINK ITSELF TO AND GUARANTEE ANY SETTLEMENT OF HIS PROBLEMS THAT MIGHT BE WORKED OUT. OSCAR SEVILLA, NEGOTIATING ON BEHALF OF SOMOZA'S BANK, PROBABLY WOULD LIKE TO HAVE THE EMBASSY FEEL ITSELF BEHOLDEN TO HIM IF HE ARRANGES FOR A SETTLEMENT OF THE AFFAIR WHICH ENDS UP IN CHARITON'S DEPARTURE FROM NICARAGUA. CHARITON'S PRESENCE IN THE EMBASSY CAN BE USED BY BOTH THE GOVERNMENT AND OPPOSITION POLITICIANS TO EMBARRASS THE USG.

(G) MEANWHILE, BACK IN THE U.S., CHARITON'S FAMILY AND LAWYERS ARE SEEKING TO WORK UP PRESS AND CONGRESSIONAL PRESSURE ON THE STATE DEPARTMENT TO GET CHARITON FREED. THEY WILL NATURALLY ADVANCE CHARITON'S VIEWPOINT OF HIS PREDICAMENT AND STRESS THE ALLEGED BLACKMAIL AND VIOLATION OF HUMAN RIGHTS ANGLES. WE UNDERSTAND FROM CHARITON THAT A CONSIDERABLE NUMBER OF U.S. SENATORS AND CONGRESSMEN HAVE ALREADY EXPRESSED INTEREST IN THIS CASE.

(H) CHARITON HAS TOLD US REPEATEDLY AND EMPHASITICALLY THAT HE WILL NEVER REPEAT NEVER RETURN TO JAIL HERE. HE CLAIMS THAT HE HAS BEEN TOLD THAT HE WILL BE MIS-TREATED, INCLUDING BEING PUT IN CHAINS, IF HE RETURNS. CHARITON SAYS THAT HE WILL RESIST BEING FORCIBLY REMOVED

CONFIDENTIAL

PAGE 02 MANAGU 01524 02 OF 02 312239Z

FROM THE EMBASSY AND HINTS THAT HE WOULD KILL HIMSELF WITH POISONS ALLEGEDLY IN HIS POSSESSION RATHER THAN BE DRAGGED OUT OF THE EMBASSY. HE ALSO HINTS THAT HE MAY SLIP OUT OF THE EMBASSY AND TRY TO ESCAPE FROM THE COUNTRY. (COMMENT: GIVEN WHAT WE KNOW ABOUT PRISON CONDITIONS HERE, WE DO NOT DISMISS OUT OF HAND THE POSSIBILITY OF MISTREATMENT, WHETHER BY PRISON OFFICIALS OR TRUSTEES. AS WE HAVE FREQUENTLY POINTED OUT, CHARITON IS A DESPERATE MAN WHO EXPERIENCES EXTREME MOOD FLUCTUATIONS. HENCE, WE CANNOT RULE OUT THAT HE WOULD RESIST BEING EJECTED FROM THE EMBASSY, EVEN TO THE POINT OF SUICIDE, AND THAT HE MAY BE PLANNING ONCE AGAIN TO FLEE THE COUNTRY.)

(I) CHARITON IS EXTREMELY BITTER ABOUT WHAT HE VIEWS AS THE INJUSTICE HE HAS SUFFERED IN NICARAGUA AND ABOUT THE USG'S INABILITY TO PROCURE HIS RELEASE LONG AGO. HE HAS THREATENED TO "REVEAL ALL" WHEN HE GETS BACK TO THE U.S., INCLUDING HOW THE EMBASSY HAS ALLEGEDLY BEEN "PUSSYFOOTING" AROUND ON HIS CASE. HE MOST RECENTLY THREATENED TO HAVE COLUMNIST JACK ANDERSON ATTACK THE DEPARTMENT'S AND THE EMBASSY'S HANDLING OF THE MATTER. (COMMENT: WE CONSIDER IT VERY POSSIBLE THAT CHARITON WILL HEAP SCORN ON THE EMBASSY WHEN HE GETS BACK IN THE U.S.-- IF NOT BEFORE-- NO MATTER WHAT WE DO IN HIS BEHALF.)

2. THE EMBASSY CONSIDERS THAT:

(A) CHARITON CANNOT STAY IN THE EMBASSY FOREVER AND MUST,

THEREFORE, EVENTUALLY LEAVE.

(B) IT IS THE MANNER REPEAT MANNER OF HIS LEAVING THAT CONCERNS US.  
WE CERTAINLY DO NOT WANT HIM TO COMMIT SUICIDE. TO FORCIBLY  
EJECT HIM AND TURN HIM OVER TO THE AUTHORITIES TO FACE  
NICARAGUAN JUSTICE IGNORES HIS CONTENTION THAT THERE IS  
NO JUSTICE HERE WHEN SOMOZA INTERESTS ARE INVOLVED. IF  
HE SLIPS OUT OF THE EMBASSY AND ESCAPES THE COUNTRY, THE  
EMBASSY WILL BE ACCUSED OF COMPLICITY IN ILLEGAL ACTIONS AND OF  
CONFIDENTIAL

PAGE 03 MANAGU 01524 02 OF 02 312239Z

HAVING FRUSTRATED NICARAGUAN  
JUSTICE BY HARBORING A FUGITIVE-- NOTWITHSTANDING THAT THE  
GON HAS NOT YET DEMANDED HIS RETURN,. CHARITON HAS SAID HE  
WILL LEAVE THE EMBASSY OPENLY AND VOLUNTARILY ONLY WHEN  
HIS DEPARTURE FROM NICARAGUA IS GUARANTEED.

(C) THE LEAST OBJECTIONALBE SOLUTION TO THIS PROBLEM WOULD  
BE FOR CHARITON AND HIS LAWYERS TO NEGOTIATE A MUTUALLY  
SATISFACTORY SETTLEMENT WITH SEVILLA, WHICH WOULD PERMIT  
CHARITON TO LEAVE NICARAGUA LEGALLY AND SOON.  
(D) WHILE WE WOULD PROBABLY NOT INQUIRE TOO CLOSELY INTO  
THE DETAILS OF SUCH A SETTLEMENT, WE WOULD SEEK TO ASSURE  
THAT IT DOES NOT APPEAR THAT WE HAD ARRANGED FOR CHARITON'S  
DEPARTURE FROM THE EMBASSY AND THE COUNTRY IN CONTRAVENTION  
OF NICARAGUAN LAW.  
(E) MEANWHILE, WE WOULD LIKE AUTHORIZATION TO RETAIN A  
COMPETENT, TRUSTWORTHY, LOCAL ATTORNEY TO ADVISE  
US ON THE LEGAL ASPECTS OF THE CRIMINAL CASES AGAINST  
CHARITON.

3. ACTION REQUESTED: APART FROM WHATEVER INSTRUCTIONS THE  
DEPARTMENT SENDS US, WE REQUEST AUTHORIZATION TO RETAIN  
AN ATTORNEY TO ADVISE THE EMBASSY ON THE LEGAL ASPECTS  
OF THE CRIMINAL CHARGES AGAINST CHARITON.

SOLAUN

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 26 sep 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, POLITICAL ASYLUM, FUGITIVES, ALLEGATIONS, FRAUDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANAGU01524  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D780141-0148  
**Format:** TEL  
**From:** MANAGUA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197803126/baaafcqq.tel  
**Line Count:** 257  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Message ID:** 8e6f5ebb-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A) MANAGUA 1469, B) MANAGUA 1470, C) MANAGUA 1339, D) MANAGUA 1390, E) MANAGUA 1404  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 21 jul 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3167605  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SOME POLICY IMPLICATIONS OF THE CHARITON CASE  
**TAGS:** CARR, PINT, SHUM, NU, US, (CHARITON, ARTHUR HARRY)  
**To:** STATE NIACT  
**Type:** TE  
**vdkvgwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/8e6f5ebb-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014